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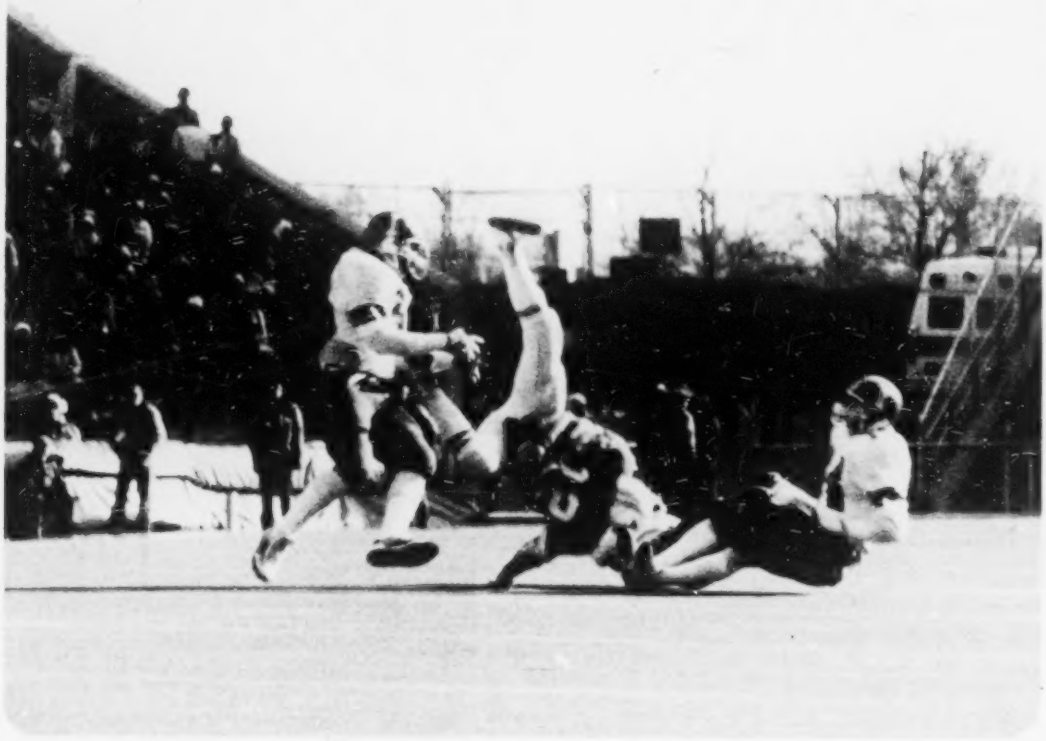
WISCONSIN ECONOMIC INDICATORS

SEPTEMBER 1985



DILHR
DEPARTMENT OF
INDUSTRY, LABOR & HUMAN RELATIONS

WISCONSIN DATA AND SOURCES

	INDICATOR	SOURCE
L1	Composite Index of Leading Indicators	Wis.Dept. of Industry, Labor and Human Relations
L2	Average Work Week, Manufacturing	Wis. Dept. of Industry, Labor and Human Relations
L3	Average Overtime Hours, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
L4	Average Weekly Initial Claims	Wis. Dept. of Industry, Labor and Human Relations
L5	Total Job Openings Received	Wis. Dept. of Industry, Labor and Human Relations
L6	New Business Incorporations	Wisconsin Secretary of State
L7	Net Gain in Business Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
L8	Building Plans Examined	Wis. Dept. of Industry, Labor and Human Relations
C1	Help-Wanted Advertising Index (Milw.)	National Industrial Conference Board
C2	Total Unemployment Rate	Wis. Dept. of Industry, Labor and Human Relations
C3	Natural Gas Sales	Wisconsin Public Service Commission
C4	New Car Registrations	Wis. Department of Transportation
C5	Electric Power Sales	Wisconsin Public Service Commission
C6	Total Securities Registrations	Wisconsin Commissioner of Securities
C7	Manufacturing Employment	Wis. Dept. of Industry, Labor and Human Relations
C8	Average Weekly Earnings, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
C9	Cash Receipts From Farm Marketing	U.S. Department of Agriculture
C10	Contract Construction Employment	Wis. Dept. of Industry, Labor and Human Relations
X1	Birth Registrations	Wis. Department of Health and Social Services
X2	Death Registgrations	Wis. Department of Health and Social Services
X3	Natural Net Gain in Population	Wis. Department of Health and Social Services
X4	Marriage Registrations	Wis. Department of Health and Social Services
X5	Consumer Price Index (Milwaukee)	U.S. Bureau of Labor Statistics
X6	Index of Prices Received By Farmers	Wisconsin Department of Agriculture
X7	Net Gain in Residential Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
X8	Labor Disputes, No. of Workers	Wis. Dept. of Industry, Labor and Human Relations
X9	Unemployment Compensation Exhaustees	Wis. Dept. of Industgry, Labor and Human Relations

NOTES: Selected series are seasonally adjusted by the Bureau of the Census X-11 Variant of the Census Method II Seasonal Adjustment Program. The adjusted data are plotted on arithmetic scales.

SECTION A is a summary of recent data and current changes for all indicators and is presented in chart form. The indicators are presented with cyclical timing as the principle basis of classification.

SECTION B is a summary of Wisconsin Labor Force Estimates, including Employment, Unemployment and Unemployment Rates, and selected U.S. data.

SECTION C analyzes the Wisconsin labor force by industry and by specified Standard Metropolitan Statistical Areas.

SECTION D singles out certain economic time series as being leading or coinciding in relation to movements in aggregate economic activity. They are seasonally adjusted and presented graphically. The indicators are grouped by cyclical timing.

THE WISCONSIN ECONOMY

SUMMARY FOR AUGUST

LEADING INDICATORS OF WISCONSIN'S ECONOMIC ACTIVITY GAVE MIXED SIGNALS IN AUGUST. EMPLOYMENT INCREASED AND UNEMPLOYMENT DECREASED.

LEADING INDICATORS

The average number of hours per week spent on the job by Wisconsin's production workers remained the same in August as in the previous month. From July to August, the average workweek usually increases slightly.

The workweek average includes overtime, which increased by 0.3 hours per week. The unchanged workweek and increased overtime mean that "straight time" decreased - normal for August. That decrease is usually accompanied with employment growth in manufacturing. Manufacturing jobs did increase this month, but at a subpar rate.

The average weekly initial claims for unemployment compensation decreased in August - by nearly one-third. That is a large decrease even for August. Of all months, August is usually second only to September in initial claims declines.

This month's initial claims decrease occurred with gains in both employment and the labor force. And that indicates real economic advance rather than a lower unemployment rate produced by furloughed workers dropping out of the labor force.

Job openings received by state Job Service offices from Wisconsin employers grew by over a thousand this month. But even that is slightly less than the normal July-to-August pace.

August is historically a weak month for new business incorporations and this month's figure reinforces that. The level of new incorporations dropped by 81, but, the numbers have see-sawed all year and have yet to reveal a trend with more than three months' movement in the same direction.

The net gain in business telephone access lines increased at well above the seasonal pace. And the examinations of building plans for commerical and industrial structures increased significantly in August. Building plans are examined for compliance with state safety codes for commerical and industrial buildings. An increase of examinations foreshadows increased construction employment in the near future, and increased economic activity later.

WISCONSIN LABOR FORCE

Total employment increased from July to August by nearly 12 thousand. That amount of employment activity is unusually large for that period.

Employment levels rose in the manufacturing, retail trade, and service industries. However, total employment had declined one month ago, so, August's strong gain is a rebound from July's anemic performance.

The unemployment level, too, showed a much better change than normal for August. Total joblessness dropped by 9 thousand. What's more, those unemployed in the previous month found work rather than drop out of the labor force. The state's labor force grew by 2,800 workers and job seekers while the unemployment rate dropped by 0.4 percentage points.

A WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES Latest Month		Mo/Ago	Yr/Ago	% CHANGE Mo/Ago	Yr/Ago	AVG. 1984
LEADING INDICATORS								
L1 COMPOSITE INDEX OF LEADING INDICATORS								
Seasonally Adjusted	INDEX	87.2	Aug	77.3	71.4	12.8	22.1	70.1
L2 AVG. WORK WEEK, MFG.								
Unadjusted	HOURS	41.0	Aug	41.0	41.0	0.0	0.0	41.1
Seasonally Adjusted		41.1		41.3	41.1	-0.5	0.0	
L3 AVG. OVERTIME HOURS, MFG.								
Unadjusted	HOURS	3.6	Aug	3.3	3.6	9.1	0.0	3.2
Seasonally Adjusted		3.2		3.4	3.2	-5.9		
L4 AVG. WEEKLY INITIAL CLAIMS								
Unadjusted	NUMBER	6,777	Aug	9,951	8,005	-31.9	-15.3	10,817
Seasonally Adjusted		8,778		11,069	10,376	-20.7	-15.4	
L5 TOTAL JOB OPENINGS REC.								
Unadjusted	NUMBER	9,463	Aug	8,403	14,386	12.6	-34.2	8,694
Seasonally Adjusted		6,089		6,474	9,256	-5.9	-34.2	
L6 NEW BUSINESS INCORPORATIONS								
Unadjusted	NUMBER	497	Aug	578	521	-14.0	-4.6	562
Seasonally Adjusted		539		562	565	- 4.1	-4.6	
L7 NET GAIN IN BUSINESS PHONES ACCESS LINES								
Unadjusted	NUMBER	1,802	Aug	1,232	617	46.3	192.1	328
Seasonally Adjusted		1,602		1,402	175	14.3	815.4	
L8 BUILDING PLANS EXAMINED								
Unadjusted	NUMBER	626	Aug	501	538	25.0	16.4	487
Seasonally Adjusted		588		436	506	34.9	16.2	
ROUGHLY COINCIDING INDICATORS								
C1 HELP-WANTED INDEX (MILW.)								
Seasonally Adjusted	INDEX	53	Aug	59	52	-10.2	1.9	52
C2 UNEMPLOYMENT RATE, TOTAL								
Unadjusted	PERCENT	6.3	Aug	6.7	6.2	-	-	7.4
Seasonally Adjusted		6.6		6.9	7.3	-	-	
C3 NATURAL GAS SALES								
Unadjusted	MIL. THERMS	110.3	Jul	113.7	110.0	-3.0	0.3	252.5
Seasonally Adjusted		243.5		229.7	242.7	6.0	0.3	
C4 NEW CAR REGISTRATIONS								
Unadjusted	NUMBER	12,966	Aug	20,424	17,709	-36.5	-26.8	16,066
Seasonally Adjusted		11,421		21,289	15,607	-46.4	-26.8	
C5 ELECTRIC POWER SALES								
Unadjusted	MIL. KWH	1998.5	Jul	1858.5	1958.2	7.5	2.1	1865.8
Seasonally Adjusted		1887.2		1851.1	1849.4	2.0	2.0	
C6 TOTAL SECURITIES REGISTRATIONS								
Unadjusted	MIL. DOL.	171.1	Aug	73.8	85.7	131.8	99.6	89.4
Seasonally Adjusted		268.2		82.1	134.4	226.7	99.6	

Section

A WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES			% CHANGE		AVG.
		Latest Month	Mo/Ago	Yr/Ago	Mo/Ago	Yr/Ago	1984
C7 MANUFACTURING EMPL.							
Unadjusted	THOUS	527.0 Aug	522.2	537.6	0.9	-2.0	518.3
Seasonally Adjusted		511.7	513.0	522.0	-0.3	-2.0	
C8 AVG. WEEKLY EARNINGS, MFG.							
Unadjusted	DOLLARS	412.05 Aug	417.38	403.03	-1.3	2.2	412.46
Seasonally Adjusted		423.05	424.17	413.65	-0.3	2.3	
C9 CASH RECEIPTS FROM FARM MKTG.							
Unadjusted	MIL. DOL.	458.9 Dec	494.0	430.8	-7.1	6.5	435.9
Seasonally Adjusted		444.5	443.4	416.0	0.2	6.9	
C10 CONTRACT CONSTRUCTION EMPL.							
Unadjusted	THOUS	67.4 Aug	67.2	64.8	0.3	4.0	58.3
Seasonally Adjusted		59.1	59.5	56.9	-0.7	3.9	
OTHER KEY INDICATORS							
X1 BIRTH REGISTRATIONS							
Unadjusted	NUMBER	5,966 Aug	6,776	6,114	-12.0	-2.4	6,101
Seasonally Adjusted		5,866	6,045	6,012	-3.0	-2.4	
X2 DEATH REGISTRATIONS							
Unadjusted	NUMBER	2,981 Aug	3,524	3,042	-15.4	-2.0	3,438
Seasonally Adjusted		3,327	3,455	3,393	-3.7	-1.9	
X3 NATURAL NET GAIN POPULATION							
Unadjusted	NUMBER	2,985 Aug	3,252	3,072	-8.2	-2.8	2,663
Seasonally Adjusted		2,560	2,681	2,635	-4.5	-2.8	
X4 MARRIAGE REGISTRATIONS							
Unadjusted	NUMBER	4,653 Aug	4,869	5,496	-4.4	-15.3	3,420
Seasonally Adjusted		3,172	3,554	3,747	-10.7	-15.3	
X5 CONSUMER PRICE INDEX (MILW.)							
Unadjusted	INDEX	331.1 Jul	330.9	321.3	0.1	3.1	320.6
X6 PRICES RECEIVED BY FARMERS							
Unadjusted	INDEX	127 Aug	128	144	-0.8	-11.8	144
Seasonally Adjusted		127	130	144	-2.3	-11.8	
X7 NET GAIN IN RESIDENTIAL PHONES ACCESS LINES							
Unadjusted	NUMBER	3,941 Aug	-1,267	2,873	411.0	37.2	750
Seasonally Adjusted		1,444	1,517	317	-4.8	355.5	
X8 LABOR DISPUTES, NO. OF WORKERS							
Unadjusted	NUMBER	2,082 Aug	598	104	248.2	1901.9	520
Seasonally Adjusted		1,380	462	69	198.7	1900.0	
X9 UNEMPL. COMPENSATION EXHAUSTEES	NUMBER						
Unadjusted		27,691 Aug	28,561	28,768	-3.0	-3.7	28,186
Seasonally Adjusted		26,473	26,059	27,492	1.6	-3.7	

Section

B

LABOR FORCE ESTIMATES

WISCONSIN LABOR FORCE ESTIMATES AUGUST	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
Unadjusted					
CIVILIAN LABOR FORCE	2397.6	2394.8	2405.2	0.1	-0.3
Employment (Inc. Labor Disputes)	2245.8	2233.9	2256.2	0.5	-0.5
Unemployment	151.8	160.8	149.0	-5.6	1.9
Unemployment Rate	6.3	6.7	6.2	-	-
Seasonally Adjusted					
CIVILIAN LABOR FORCE	2370.9	2370.7	2424.0	0.0	-2.2
Employment (Inc. Labor Disputes)	2215.6	2207.6	2246.4	0.4	-1.4
Unemployment	155.3	163.1	177.6	-4.8	-12.6
Unemployment Rate	6.6	6.9	7.3	-	-

WISCONSIN EMPLOYMENT ESTIMATES AUGUST	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
TOTAL NONFARM WAGE AND SALARY WORKERS	1999.8	1989.6	1963.6	0.5	1.8
Unadjusted					
Manufacturing	524.9	521.8	537.5	0.6	-2.3
Mining	2.2	2.2	2.1	0.0	4.8
Contract Construction	67.4	67.2	64.8	0.3	4.0
Transportation and Public Utilities	88.5	88.5	87.1	0.0	1.6
Elec., Gas and Sanitary Services	17.8	17.8	17.5	0.0	1.7
Wholesale Trade	101.5	101.3	102.5	0.2	-1.0
Retail Trade	381.3	377.1	362.8	1.1	5.1
General Merchandise	48.2	47.9	47.5	0.6	1.5
Finance, Insurance and Real Estate	108.4	108.4	104.1	0.0	4.1
Banking	29.3	29.1	27.9	0.7	5.0
Insurance	33.6	33.9	32.4	-0.9	3.7
Service and Miscellaneous	430.6	425.6	415.1	1.2	3.7
Hospitals	67.3	67.6	69.8	-0.4	-3.6
Private Education	21.4	21.4	22.2	0.0	-3.6
Government	295.1	297.6	287.5	-0.8	2.6
State Government	77.8	76.8	74.3	1.3	4.7
Local Government	189.2	192.7	186.1	-1.8	1.7

UNITED STATES LABOR FORCE ESTIMATES AUGUST	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
Seasonally Adjusted					
CIVILIAN LABOR FORCE	115,299	115,314	113,629	-0.0	1.5
Employment	107,172	106,862	105,148	0.3	1.9
Unemployment	8,127	8,451	8,481	-3.8	-4.2
Unemployment Rate	7.0	7.3	7.5	-	-

MANUFACTURING EMPLOYMENT *(Unadjusted)* AUGUST	(In Thousands) Latest Month	Month Ago	Year Ago
All Manufacturing (Including Canning)	524.9	521.8	537.5
All Manufacturing (Excluding Canning)	504.4	505.6	516.3
Durable Goods	313.7	316.1	326.1
Lumber and Wood Prod., (Except Furniture)	22.8	22.6	22.3
Sawmills and Planning Mills	3.3	3.2	3.0
Millwork, Veneer, Plywood & Prefab. Wood Prod.	10.3	10.3	10.2
Furniture and Fixtures	11.4	11.1	10.7
Household Furniture	4.8	4.7	4.6
Stone, Clay and Glass Products	7.5	7.6	7.6
Concrete, Gypsum and Plaster Products	3.3	3.3	3.2
Primary Metal Industries	19.7	19.4	20.7
Iron and Steel Foundries	10.9	10.7	11.6
Fabricated Metal Products	48.7	49.1	51.5
Heating Equipment (Except Electrical) & Plumbing Fixtures	4.7	4.8	5.7
Fabricated Structural Metal Products	11.9	12.0	12.1
Metal Stampings	11.6	11.8	12.6
Machinery (Except Electrical)	98.5	100.6	102.5
Engines and Turbines	18.4	19.2	19.9
Farm Machinery and Equipment	11.7	12.0	13.8
Const., Min. & Material Handling Mach. & Equip.	10.4	10.4	11.2
Metalworking Machinery and Equipment	12.2	11.9	11.6
Special Industry Machinery (Except Metalworking)	11.6	11.2	11.0
General Industrial Machinery and Equipment	14.7	14.7	15.3
Service Industry Machines	5.9	7.9	7.9
Electrical Machinery, Equipment and Supplies	49.6	49.7	53.0
Electrical Industrial Apparatus	17.9	18.0	18.1
Household Appliances	6.4	6.5	7.1
Transportation Equipment	34.3	34.8	36.8
Motor Vehicles and Equipment	26.8	27.6	30.0
Instruments and Related Products	10.6	10.5	10.8
Miscellaneous Manufacturing	10.7	10.7	10.2
Nondurable Goods	211.2	205.7	211.4
Food and Kindred Products	73.8	69.9	74.6
Meat Products	14.7	14.9	14.5
Dairy Products	19.1	19.1	18.1
Canning and Preserving	20.4	16.2	21.2
Bakery Products	3.8	3.8	4.0
Beverage Industries	8.1	8.4	9.1
Textile Mill Products	5.1	5.1	5.0
Knitting Mills	4.3	4.3	4.2
Apparel and Other Finished Products	7.0	6.8	6.8
Paper and Allied Products	48.8	48.0	48.6
Pulp and Paper Mills	30.4	29.8	30.5
Converted Paper and Paperboard Products	10.0	9.8	9.7
Paperboard Containers and Boxes	7.2	7.2	7.1
Printing, Publishing and Allied Industries	38.0	38.0	36.8
Newspapers	12.0	11.8	11.5
Commercial Printing	15.8	16.0	15.5
Chemicals and Allied Products	10.1	10.2	10.1
Rubber and Misc. Plastics Products	21.0	21.0	21.0
Miscellaneous Plastics Products	16.9	16.7	16.4
Leather and Leather Products	7.0	6.3	8.1
Leather Tanning and Finishing	1.7	1.8	2.0
Footwear (Except Rubber)	3.8	3.1	4.2
Other Nondurable Goods	-	-	-

Section

C WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS *(Unadjusted)* AUGUST	Average Weekly Earnings			Average Weekly Hours		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	$412	$417	$403	41.0	41.0	41.0
All Manufacturing (Excl. Canning)	422	424	412	41.0	41.0	41.0
Durable Goods	425	428	419	40.8	40.7	41.1
Lumber/Wood Prod. (Exc. Furn.)	319	316	304	41.9	41.6	40.8
Furniture and Fixtures	320	294	311	41.7	39.6	41.8
Stone, Clay and Glass Products	410	412	399	43.2	42.8	41.7
Primary Metal Industries	405	403	403	40.7	40.7	41.8
Iron and Steel Foundries	409	409	418	40.8	41.1	42.5
Fabricated Metal Products	411	401	402	40.5	39.9	40.3
Fab. Structural Metal Prod.	446	429	432	43.7	42.7	42.6
Metal Stampings	397	387	371	39.2	38.4	38.1
Machinery (Except Electrical)	475	490	469	41.4	42.1	41.4
Engines and Turbines	498	557	480	39.9	44.1	40.5
Farm Machinery and Equip.	517	554	507	41.6	42.0	41.2
Const. and Related Mach.	492	493	489	41.6	41.7	41.4
Metalworking Mach. and Equip.	506	509	503	42.3	42.7	43.5
Spec. Ind. Mach. (Exc. Metal) .	503	492	481	43.6	42.4	43.2
Gen. Industrial Mach. and Equip.	485	482	502	40.2	40.1	42.5
Electrical Mach., Equip. and Supp.	397	396	390	39.7	39.6	41.1
Electrical Industrial Apparatus	417	416	43[illegible]	39.6	40.3	42.5
Transportation Equipment	545	553	535	40.1	40.1	40.7
Instruments and Related Prod.	341	340	346	37.8	37.7	40.5
Nondurable Goods	395	400	379	41.4	41.3	40.9
Food and Kindred Products	340	350	336	40.3	39.9	40.0
Meat Products	318	339	364	37.0	38.4	39.1
Dairy Products	392	395	372	40.7	41.0	39.3
Textile Mill Products	283	277	289	39.7	38.4	41.3
Apparel and Other Fin. Prod.	247	250	230	39.8	40.2	37.9
Paper and Allied Products	553	548	510	46.6	46.6	45.6
Pulp and Paper Mills	604	603	550	48.1	48.4	46.8
Printing, Pub. and Allied Prod.	422	422	408	39.1	39.0	38.3
Chemicals and Allied Products	437	433	430	41.2	40.8	41.1
Rubber and Misc. Plastics Prod.	317	333	330	38.7	39.7	39.9
Leather and Leather Products.	253	258	250	39.9	39.2	37.7

Section

C WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS *(Unadjusted)* AUGUST	Average Hourly Earnings Including O.T.			Average Hourly Earnings Excluding O.T.		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	10.05	10.18	9.83	9.71	9.81	9.48
All Manufacturing (Excl. Canning)	10.29	10.35	10.05	9.91	9.97	9.68
Durable Goods	10.42	10.52	10.20	10.11	10.21	9.86
Lumber/Wood Prod. (Exc. Furn.)	7.62	7.60	7.44	7.50	7.47	7.30
Furniture and Fixtures	7.67	7.43	7.45	7.51	7.33	7.32
Stone, Clay and Glass Products	9.49	9.63	9.58	9.24	9.38	9.28
Primary Metal Industries	9.96	9.91	9.63	9.60	9.58	9.20
Iron and Steel Foundries	10.02	9.95	9.84	9.71	9.68	9.40
Fabricated Metal Products	10.15	10.05	9.98	9.78	9.70	9.54
Fab. Structural Metal Prod.	10.20	10.04	10.13	9.61	9.52	9.64
Metal Stampings	10.13	10.07	9.75	9.91	9.88	9.59
Machinery (Except Electrical)	11.47	11.65	11.33	11.18	11.37	11.01
Engines and Turbines	12.48	12.64	11.84	12.23	12.49	11.57
Farm Machinery and Equip.	12.43	13.18	12.31	12.03	12.75	12.12
Const. and Related Mach.	11.82	11.82	11.80	11.57	11.55	11.58
Metalworking Mach. and Equip.	11.97	11.92	11.57	11.52	11.47	11.01
Spec. Ind. Mach. (Exc. Metal).	11.53	11.61	11.14	10.91	11.02	10.60
Gen. Industrial Mach. and Equip.	12.06	12.01	11.80	11.77	11.74	11.29
Electrical Mach., Equip. and Supp.	10.00	10.01	9.48	9.68	9.75	9.27
Electrical Industrial Apparatus	10.52	10.32	10.26	10.18	10.03	10.16
Transportation Equipment	13.60	13.79	13.15	13.09	13.21	12.57
Instruments and Related Prod.	9.02	9.03	8.55	8.87	8.88	8.33
Nondurable Goods	9.53	9.69	9.27	9.11	9.21	8.89
Food and Kindred Products	8.44	8.78	8.39	8.12	8.35	8.10
Meat Products	8.59	8.83	9.31	8.33	8.51	8.98
Dairy Products	9.63	9.63	9.47	9.16	9.14	9.09
Textile Mill Products	7.14	7.22	7.00	6.92	6.98	6.70
Apparel and Other Fin. Prod.	6.21	6.21	6.07	6.02	6.08	5.96
Paper and Allied Products	11.87	11.77	11.19	11.30	11.20	10.71
Pulp and Paper Mills	12.56	12.45	11.76	11.97	11.84	11.27
Printing, Pub. and Allied Prod.	10.79	10.81	10.64	-	-	-
Chemicals and Allied Products	10.61	10.61	10.47	10.38	10.37	10.23
Rubber and Misc. Plastics Prod.	8.19	8.39	8.26	7.89	8.02	7.86
Leather and Leather Products.	6.35	6.57	6.63	6.15	6.33	6.55

Section

C SUMMARY OF RECENT WISCONSIN DATA

EARNINGS AND HOURS, MFG. Production Workers (Unadjusted) AUGUST	Average Weekly						Average Hourly Earnings				
	Earnings			Hours			Including O.T.			Excluding O.T.	
	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago
United States	$384	$382	$370	40.4	40.1	40.4	9.50	9.52	9.15	-	-
Wisconsin	412	417	403	41.0	41.0	41.0	10.05	10.18	9.83	9.71	9.81
Selected Areas											
Appleton-Oshkosh (Calumet-Winnebago-Outagamie)	432	433	406	42.9	43.3	42.2	10.08	10.00	9.61	9.59	9.50
Beloit (City)	360	347	362	38.9	37.8	38.8	9.25	9.17	9.35	-	-
Eau Claire (Eau Claire-Chippewa)	427	457	437	40.9	42.4	42.0	10.43	10.78	10.40	9.98	10.12
Fond du Lac (County)	365	357	383	41.6	39.9	42.7	8.78	8.95	8.97	8.40	8.66
Green Bay (Brown County)	451	456	423	41.3	41.6	40.5	10.92	10.95	10.44	10.30	10.35
Janesville (City)	479	537	489	36.6	39.3	38.8	13.10	13.67	12.61	12.92	13.35
Janesville-Beloit (Rock County)	437	473	440	37.9	39.0	38.9	11.54	12.14	11.31	11.33	11.80
Kenosha (County)	476	478	478	39.6	39.3	40.6	12.01	12.16	11.77	11.63	11.79
La Crosse (County)	305	341	338	38.0	36.8	38.3	8.03	9.26	8.83	7.57	8.67
Madison (Dane County)	392	397	18	42.1	41.6	43.4	9.32	9.55	9.63	8.82	9.02
Manitowoc (County)	341	352	32	38.8	38.5	37.9	8.80	9.14	8.53	8.49	8.97
Milwaukee (Milwaukee-Ozaukee-Waukesha-Washington)	466	470	458	40.3	40.7	40.9	11.56	11.56	11.20	11.02	11.06
Racine (County)	411	406	425	39.5	38.7	39.6	10.40	10.49	10.73	10.07	10.26
Sheboygan (County)	367	351	372	39.1	37.9	39.5	9.39	9.27	9.41	9.17	9.14
Wausau (Marathon County)	401	409	396	41.4	42.4	42.2	9.68	9.64	9.38	9.26	9.23

EMPLOYMENT, MFG. (Unadjusted) AUGUST	(In Thousands)			Percent Change	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
United States	19,516.0	19,319.0	19,666.0	1.0	-0.8
Wisconsin	524.9	521.8	537.5	0.6	-2.3
Selected Areas					
Appleton-Oshkosh (Calumet-Winnebago-Outagamie)	48.9	47.9	48.0	2.1	1.9
Beloit (City)	5.7	5.4	5.7	5.6	0.0
Eau Claire (Eau Claire-Chippewa)	9.1	9.2	9.4	-1.1	-3.2
Fond du Lac (County)	10.7	10.8	10.9	-0.9	-1.8
Green Bay (Brown County)	24.8	24.2	24.4	2.5	1.6
Janesville (City)	11.0	11.1	11.0	-0.9	0.0
Janesville-Beloit (Rock County)	19.1	18.6	19.1	2.7	0.0
Kenosha (County)	12.5	13.2	16.7	-5.3	25.1
La Crosse (County)	8.9	10.8	11.1	-17.6	-19.8
Madison (Dane County)	22.0	22.2	21.0	-0.9	4.8
Manitowoc (County)	11.5	11.1	11.9	3.6	-3.4
Milwaukee (Milwaukee-Ozaukee-Waukesha-Washington)	167.8	168.1	175.6	-0.2	-4.4
Racine (County)	24.5	24.8	26.0	-1.2	-5.8
Sheboygan (County)	19.0	18.7	20.1	1.6	-5.5
Wausau (Marathon County)	12.0	12.0	11.3	0.0	6.2

THE CONSUMER PRICE INDEX REVISITED

by Stephen B. Blumenfeld

A one percentage point increase in the number translates into an increase in federal spending of over $2 billion. This, in turn, impacts on the size of the federal deficit. Nearly two-fifths of federal budget outlays as well as many union contracts, pensions and even divorce settlements are linked to it. It is the most universally watched measure of inflation. It is referred to as the world's most politically charged number. It determines the income of nearly 80 million Americans.

The number is the Consumer Price Index (CPI). The CPI is a measure of the change in prices for a fixed market basket of goods and services that Americans buy on a day-to-day basis. Included in the "market basket" are food, clothing, shelter, fuel, drugs, transportation fares and medical fees. The quantity of the item used in calculating the index remains the same from month to month, so that only price changes will be measured.

While the CPI is often referred to as the "Cost-of-Living Index", it actually measures only a change in prices, which is just one of a number of significant factors affecting living costs.

BACKGROUND

The Consumer Price Index was initiated during the First World War, when it was used to calculate cost-of-living adjustments in wages for the nation's shipyard workers. Since then, the CPI has become the main yardstick for adjusting the wages and benefits of Americans for the rate of inflation. Regular publication of a national index was begun in 1921.

At periodic intervals -- roughly every ten to fifteen years -- a new base year for the CPI is selected. An index number of 100 is assigned to represent the average level of market basket prices in the base year. If, for instance, prices should rise 20 percent above the base, the CPI would stand at 120.

Each month, BLS announces the index level for the previous month. Month-to-month changes are converted into percentages and compounded over twelve months to get an annual rate. The annual rate is the figure used by many to measure the rate of inflation.

As a consequence of changes in factors such as relative prices, real income, geographic location and tastes, consumers tend to alter their buying habits. Therefore, it becomes necessary to revise the Consumer Price Index periodically. A new list of items included in the market basket of goods and services must be selected so that the market basket accurately reflects day-to-day consumption patterns.

CONSUMER EXPENDITURE SURVEY

Before any changes in the Consumer Price Index are made, data compiled from the most recent Survey of Consumer Expenditures of the Bureau of Labor Statistics are used to select and weight a new list of items to be priced in the index. Consumer Expenditure Surveys are studies of family living in which the primary focus is on collecting information on day-to-day household expenditures for goods and services. Data pertaining to family income, savings habits, demographics and lifestyle are also collected. The 1917-19 survey used in determining the initial Consumer Price Index was the third Consumer Expenditure Survey conducted by BLS.

Consumer surveys conducted during the economic depression of the 1930's indicated marked changes in the consumption patterns of American consumers since the 1917-19 survey, underscoring the necessity for new information in this realm. Between 1935 and 1936, the Bureau of Labor Statistics participated in a study of consumer habits of American households which presented estimates used to select a new list of items included in the market basket of goods and services to be priced.

EARLY CHANGES IN THE CPI

Based on the information obtained through the 1935-36 survey, the Consumer Price Index was revised in 1940. Prior to 1940, the index measured price changes only for the items actually priced and only in the 32 cities used in the Consumer Expenditure Survey. Scientific sampling techniques were introduced with the 1940 revision which then premitted the CPI to represent price changes in all cities for all items purchased for consumption.

During the Second World War, the weights applied to the market basket items were adjusted to reflect shortages of scarce commodities and rationed goods. In 1951, interim adjustments, designed to reflect the effects of immediate postwar changes and based on experimental surveys conducted by BLS in seven cities following the war, were made.

The first extensive postwar revision of the CPI was completed early in 1953. The 1953 revised CPI updated the item samples priced, incorporating weights from the 1950 Consumer Expenditure Survey. Several improvements in pricing and calculation methods were introduced at that time. Smaller urban areas were added to the sample in an effort to make the index more representative of prices paid by all urban wage-earners and clerical worker families.

The next revision of the CPI, completed in 1964, introduced new expenditure weights based on information from the 1960-61 survey of spending patterns.

In response to growing suburban areas during the 1950's, the CPI, for the first time, included them in the metropolitan area samples.

The growth of computer applications during the 1960's made it feasible to employ advanced statistical procedures and to produce monthly estimates of price changes which were previously not possible. For the 1964 revision of the CPI, the computer was used to process estimates of expenditures and indexes.

THE 1978 REVISION

Recognition of the fact that the American population had changed dramatically since the end of World War II led to recommendations in the 1960's that the population covered in the Consumer Price Index be expanded. Before the war, "Urban Wage Earners and Clerical Workers", the population used in determining the CPI, consisted primarily of renters living in densely-populated urban areas. This orientation toward the urban worker meant that the consumption habits of salaried professionals, self-employed persons, retirees and the unemployed were not considered in the calculation of the index.

Citing the changing makeup of the American population -- primarily the growth of middle-income families and migration away from urban centers to the suburbs, the Department of Labor contended that the CPI was not representative of a broad enough population to be a true measure of the spending patterns of typical American con-

sumers. In addition, since the 1960-61 Consumer Expenditure Survey, several important changes affecting the economic status of the typical American family had occurred: family incomes had risen dramatically, there had been a significant growth in the number of dual-income families and overall lifestyles had changed. Therefore, it was concluded, that another revisions of the CPI was necessary.

Incorporating new expenditure weights from the 1972-73 Consumer Expenditure Survey, new retail outlet samples from the 1974 Point of Purchase Survey, and population data from the 1970 census, a revised Consumer Price Index was released in January of 1978. A significant event, however, was the introduction of a second index, which the Labor Department's Bureau of Labor Statistics claimed would more accurately measure the prices of goods and services that most Americans purchase.

The CPI for "All Urban Consumers" the second index, took into account the consumption habits of professional and salaried workers, the self-employed, short-term or part-time workers, the unemployed, retirees, and others not in the labor force, in addition to wage earners and clerical workers included in the original CPI. The new index covered an estimated 80 percent of all consumers, whereas the CPI for "Urban Wage Earners and Clerical Workers" represented the buying patterns of only about 40 percent of the population. (The 20 percent not measured in either index includes people living on farms and those in the military.)

The Consumer Price Index for "All Urban Consumers" has come to be referred to as "CPI-U", and the Consumer Price Index for "Urban Wage Earners and Clerical Workers" is now known as "CPI-W". The two indexes differ primarily in the weighting used and are usually very close.

THE 1980's

Because of a growing belief that the index exaggerated the rate of inflation, by 1980, public confidence in the Consumer Price Index had begun to erode. In 1982, Janet Norwood, Commissioner of the Bureau of Labor Statistics at the Department of Labor declared, "a growing number of people feel that there is something wrong with the index, and it is essential that public confidence in it be maintained."

The volatile economic conditions of the 1970's augmented the widely-held belief that there was a need for more timely data than could be supplied by surveys conducted once every decade or so. Therefore, in 1980, the Survey of Consumer Expenditures was begun on an ongoing basis, with rotating panels of respondents interviewed on a continuous basis.

Information from the Survey of Consumer Expenditures since the 1980-81 survey has been provided annually and may possibly be provided even more frequently in the future. More timely information on the consumption patterns of different kinds of families is therefore available, and the weights and associated pricing samples used in determining the CPI can be more frequently revised.

Another problem felt to exist concerned the measurement of homeownership costs in determining the CPI.

With the release of the 1983 Consumer Price Index, the "homeownership" component in the CPI-U was changed to "rental equivalency". In the past, the measure included several elements of homeownership, such as mortgage rates, home prices, financing costs and property taxes. The rental equivalence measure gauges the change in

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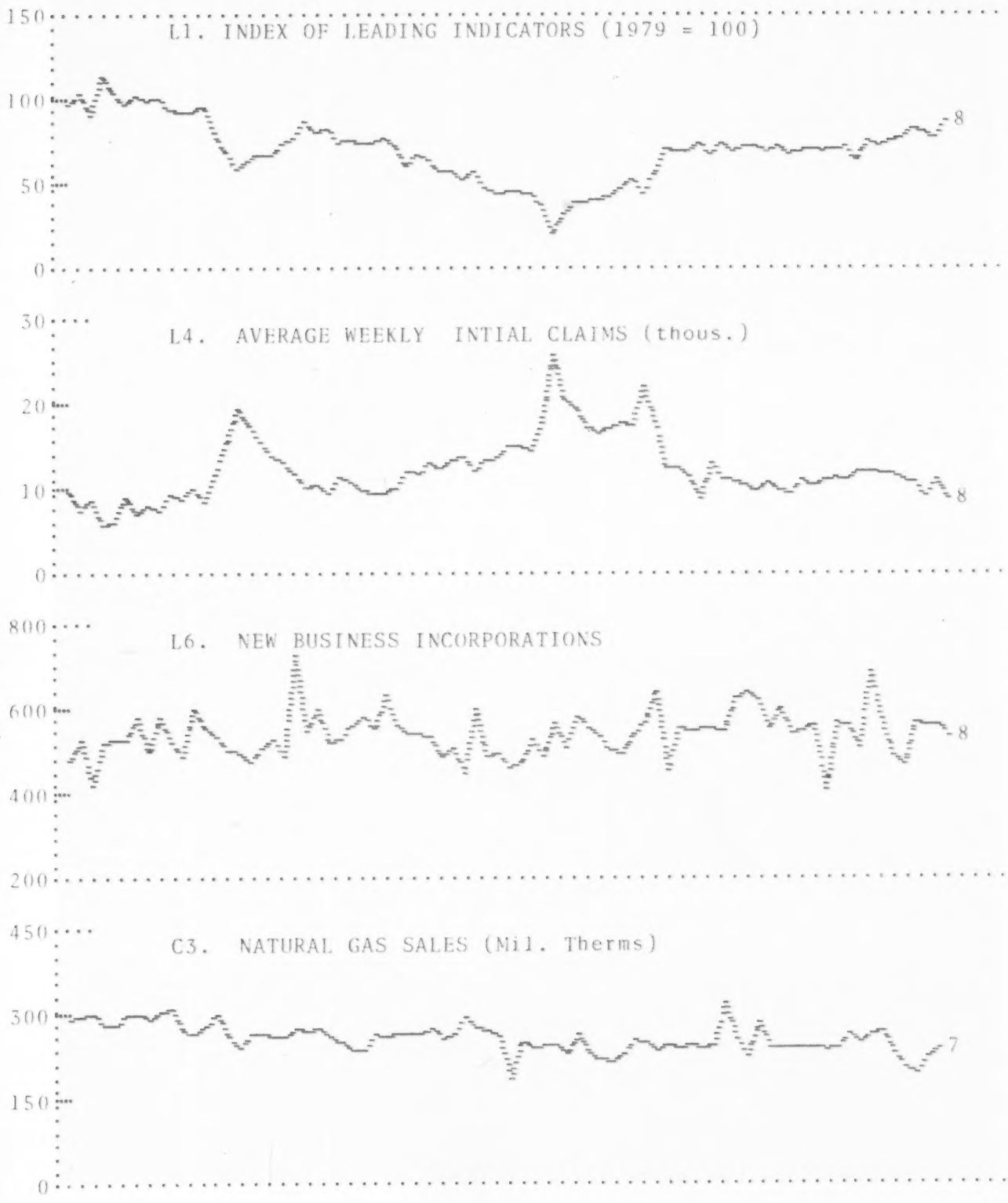
Section

D CYCLICAL INDICATORS



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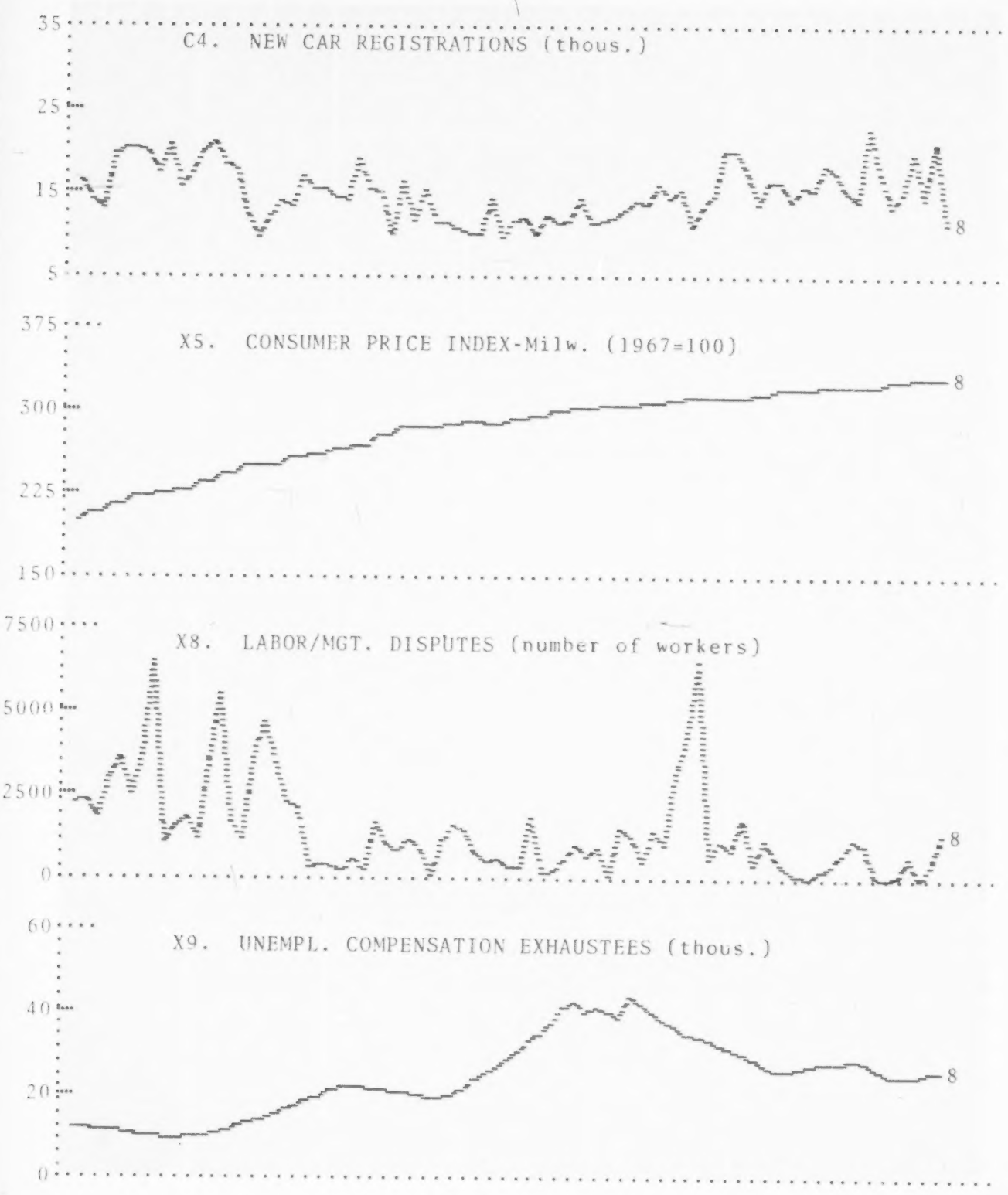

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shelter costs as the change in rents which would be paid if a home were rented rather than owned. The new technique, in effect, changed the homeownership component from a method which included investment as well as consumption elements, to a "flow-of-services" approach which measures only the cost of shelter services "consumed" by homeowners. Thus, rental equivalence is consistent with the underlying concept of CPI as a measure of price change for consumption because it reflects only the cost of consuming shelter services provided by owner-occupied homes -- that is, the rent that would be paid were the home not owned.

In January of this year, the CPI-W was also changed so that the homeownership component of this index corresponded with that of the CPI-U. The CPI-W is used in determining cost-of-living adjustments (COLA's) in most government benefit programs, such as social security, and labor contracts for private industry. BLS, therefore, decided it best to notify all those who use the CPI-W well in advance of the actual change. Thus, while the change in the CPI-U took place two years prior, the homeownership component of the CPI-W was not changed to rental equivalency until this past January.

FUTURE IMPROVEMENTS IN THE CPI

The Bureau of Labor Statistics plans another overhaul of the Consumer Price Index in 1987. This revision of the CPI, in addition to updating the housing sample based on the 1980 census, will enhance the rental equivalence method. The new housing sample will proportionally represent both owners and renters.

The 1987 revision will also reflect a reliance upon the composite estimation of relative importances rather than of mean expenditures of the item categories. The "relative importance" of a market basket item expresses the mean expenditure for the given item as a percentage of all expenditures. This change is an attempt to insure that the CPI more accurately reflects the prices of goods and services people actually buy.

Changes introduced in the past have reflected not only the experience and research of BLS, but also criticism based on outside investigations. Future assessment of the CPI's quality will undoubtedly offer ways in which the index might be further improved. Ideally, the index should reflect the spending patterns of all consumers and of particular subgroups within the population - wage earners and clerical workers, retires, agricultural workers. As time and resources become available, the Bureau of Labor Statistics will be able to provide a more accurate Consumer Price Index, covering a broader range of the American population.